SOME ASPECTS OF BRITISH FAR EASTERN POLICY
AUGUST 1938 - MARCH 1939

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A Thesis

Presented to

The Graduate Division

Drake University

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts in History

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by

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June 1967

1967

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CHAPTER I

INTRODUCTION: WESTERN INTERESTS IN CHINA AND JAPAN

This thesis attempts to examine several aspects of British relations with China and Japan during the period beginning August 1938 and ending in March 1939.

The Introduction is concerned with a brief analysis of the British economic position in China and Japan, coupled with a brief outline of pertinent events prior to August 1938. The sources used for this introductory segment will be primarily authoritative secondary sources. However primary source material will be used as the basis of the balance of the paper. This material being an edited collection of messages sent between the Foreign Office and the Ambassadors to Japan and China.

Five aspects of British policy will be examined in detail. The first of these being the identification of and reasons for the various arguments as to whether British aid should be extended to China or whether a course of retaliatory action against Japan should be embarked upon. The following chapter, then, examines the question of whether British actions followed those of the United States or led. This of course is done only with reference to the British point of view. The third aspect of British policy to be examined is whether Britain actually was treated less well at the hands of Japan, as the British contended, than was

the United States. The last two topics deal with the Ambassadors themselves. One chapter examines the gradual change, and its attendant reasons and consequences, in the views of the Ambassador to Japan as regards British policy toward that country. The following chapter being devoted to a study of the conflicting views and their basis, of the Ambassadors to Japan and China concerning the British attitude toward the two combatant nations.

In turning to any discussion of the British position in the Far East just prior to World War II, it is well to remember that the degree of British participation in Far Eastern events necessarily reflected the state of things in Western Europe. The first concern of Britain was of course the security of the British Isles and of the sea lanes upon which she depended for foodstuffs and raw materials. Thus her strength in any one part of the globe depended directly upon the demands made upon her strength in other parts of the globe.

Japan's strength lay in the fact that her interests and forces were concentrated in the Pacific area, with nothing that could distract from their maintenance. The position of Britain was, of course, exactly the opposite. Japan's weakness was her excessive dependence upon overseas markets for not only nearly all types of raw materials but

also large amounts of machines and related products.[1] This then made the problem of foreign exchange particularly crucial.

During the first five months of the 1937 war with China, Japan had used up nearly one-eighth of her total reserves of gold and foreign securities, her specie reserves being already virtually exhausted.[2] Only from the United States or Britain could Japan get the credits or loans needed to sustain her economy, since neither Italy nor Germany, her partners in the Anti-Comintern Pact, could do more than arrange barter agreements due to their own shortages of foreign exchange.[3]

During the mid-1930's the British examined the possibility of restraining Japan by means of economic pressure but concluded that the collaboration of the United States was essential to the success of any such policy.[4] Furthermore, any such policy would not have been immediately decisive, but might have provoked Japan to take retaliatory action.[5]

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[1] T. A. Bisson, Japan in China (New York: The Macmillan Co., 1938), p. 354.

[2] Ibid., pp. 342-343.

[3] Ibid., p. 355.

[4] W. N. Medlicott, History of the Second World War (Vol. I of United Kingdom Civil Series the Economic Blockade, ed. W. K. Hancock. London: His Majesty's Stationary Office and Longmans, Green and Co., 1952), p. 384.

[5] Ibid., p. 388.

The areas in which the majority of Anglo-Japanese conflicts in China arose were the Concessions and Settlements which were semi-independent municipalities which were under the sovereignty, but not the control, of China. Their control extended over police, roads, buildings, sanitation and taxes. While they could issue municipal regulations, they did not have courts of their own, but instead depended upon Chinese courts and Consular and other foreign tribunals. In times of civil war, they maintained their neutrality and were regarded as legal asylums for political refugees from other parts of China.[1] Settlements, of which only two existed, one at Shanghai and one on the island of Kulangsu at Amoy, were areas in which all the Treaty powers held equal rights. Concessions, of which the British had three in 1938 (at Canton, Tientsin and Newchwang), were areas of special privilege granted to only one nation.

In the summer of 1937 Britain was preoccupied with the Spanish Civil War and the tension prevailing in the Mediterranean as well as German rearmament. It was during that time, July 7, 1937, that the undeclared war between China and Japan flared up anew with the incident at Lukouchiao.

The car of the British Ambassador in China was sub-

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[1]Harold S. Quigley and George H. Blakeslee, The Far East An International Survey (Boston: World Peace Foundation, 1938), p. 156.

jected on August 26, 1937 to a Japanese machine-gun and bombing attack. Britain, after basing it's requests for apologies not upon diplomatic immunities but instead upon those of non-combatants, was given a somewhat perfunctory expression of regret.[1]

In September 1937 the Japanese announced that the entire China coast was closed to Chinese shipping, and in addition that vessels of foreign powers might be subject to inspection of their papers. The British acquiesced provided that certain conditions were satisfied, while the United States refused the right of Japan to stop it's ships.[2] Shortly thereafter the Yangtze River was closed to foreign vessels.

An appeal by China to the League of Nations in September 1937 resulted in a conference of the Signatories of the Nine-Power Treaty, the invitation of which Japan rejected, being held at Brussels in November. This conference after urging the suspension of hostilities, ended in failure.[3] The League, in addition, in both October 1937 and

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[1]Harold S. Quigley, Far Eastern War 1937-1941 (Boston: World Peace Foundation, 1942), p. 233.

[2]William C. Johnstone, The United States and Japan's New Order (New York: Oxford University Press, 1941), p. 97.

[3]A Study Group of the Royal Institute of International Affairs, Political and Strategic Interests of the United Kingdom An Outline (London: Oxford University Press, 1939),

February 1938 urged its individual members to explore the possibilities of a settlement, and, of extending aid to China.

In two separate incidents on the Yangtze, December 12, 1937, both American and British military craft were attacked by Japanese land and air forces. The American Naval Court of Inquiry felt that the incident had not been an accident.[1] Further confirming this view, the local Japanese officials in response to demands for an explanation told the British Consul-General in Nanking, that orders to fire upon all ships on the river had been given. Tokyo, denying the above statement, made perfunctory apologies to Britain while evading responsibility for the incident. This treatment contrasted sharply with that accorded the United States which had immediately received an expression of regret followed shortly by a cash indemnity.[2]

The worsening British position was demonstrated by the results of the 1937 Shanghai Settlement Municipal elections which indicated that within a short time the voting strength of the constantly increasing Japanese population would be sufficient to supplant the dominance which British subjects then, as in the past, exercised in Settlement

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[1]Harley Farnsworth Macnair and Donald F. Lach, Modern Far Eastern International Relations (New York: D. Van Nostrand Co., Inc., 1950), pp. 528-529.

[2]Ibid., pp. 529-530.

affairs.[1] The Settlement at that time was essentially a British controlled city with all important administrative positions held by British subjects.

With the occupation of Shanghai in November 1937, not only was the International Settlement surrounded with rigid restrictions being placed upon the residence and movement of persons and property[2] but also the equipment of the Whangpoo Conservancy Board, which was responsible for dredging the Whangpoo River channel thereby keeping the access to Shanghai Harbor navigable, was seized and retained.[3] Throughout 1938 Japanese pressure was exerted to alter the status and administration of the Settlement. Seizure of these foreign residential areas would have both destroyed the last relatively safe base for foreign activities and in addition probably resulted in further curtailment of foreign activities in occupied areas.[4]

As in the Settlement, the Japanese throughout 1938 continued to tighten their hold over British interests and concessions in widely scattered parts of China. The concessions themselves were often used in numerous ways by both Chinese and British to the disadvantage of the Japanese.[5]

With the Japanese seizure of the northern and eastern

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[1] Johnstone, op. cit., pp. 67-68. [2] Ibid., pp. 45-48.

[3] Ibid., pp. 111-113. [4] Ibid., pp. 48-49.

[5] Macnair and Lach, op. cit., p. 109.

districts of the Shanghai International Settlement in August 1937, the collection of customs duties on Japanese goods landed in this area was effectively eliminated.[1] This situation continued although the Japanese reached an agreement in May 1938 with the British under which all customs revenues collected in occupied areas would be deposited in the Yokohoma Specie Bank, which was to remit the amounts necessary to fully service foreign loans and indemnities secured on this revenue. This agreement however never came into force since the Chinese refused to authorize the release of the Japanese Boxer Indemnity quotas.[2] Thus by the spring of 1938 every port in North China was in Japanese hands, with customs duties, which totalled over 60 per cent of the Chinese customs revenue being collected and held by Japanese agents.[3]

Canton, with the fall of Shanghai, became the principal port of entry for the National Government until shortly after the Munich Conference when it too was captured and thereupon immediately followed by the closure of the Pearl River. This action not only halted the flow of military supplies to China and endangered the food supply of Hong

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[1]Johnstone, op. cit., p. 109.

[2]E. L. Woodward and Rohan Butler (eds.), Documents on British Foreign Policy 1919-1939 (London: His Majesty's Stationery Office, 1955), Third Series Vol. VIII, p. 14.

[3]Shun-Hsin Chou, The Chinese Inflation 1937-1949 (New York: Columbia University Press, 1963), p. 43.

Kong, but also rendered the British and French Concessions at Canton of little value.[1]

The economic and commercial structure of central and northeastern China was organized to include all forms of communication and industry.[2] It was capitalized and directed by new companies, in which Japan held half the stock, with ultimate authority resting with the China Affairs Board, which was created in Tokyo December 16, 1938. The various companies were grouped as subsidiaries under two large holding companies, the North China Developement Company and the Central China Developement Company, which were themselves organized in May and June of 1938, respectively.[3]

Japan after incorporating Manchukuo in a yen-block arrangement in 1935, which facilitated trade through freely exchangeable currencies, decided to expand this arrangement in 1938 to include as much of China as possible. This was done when the Peking Provisional Government announced on March 10 the establishment of the Federal Reserve Bank of China, which proceeded to issue a new currency that was designed to supplant the currency of the Chinese National

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[1]Quigley, op. cit., pp. 235-236.

[2]Paul Hibbert Clyde, The Far East A History of the Impact of the West on Eastern Asia (New York: Prentice-Hall, Inc., 1948), p. 663.

[3]Johnstone, op. cit., p. 156.

Government. These notes, which were widely circulated by the Japanese and their Chinese associates, were not accepted by the masses or by the foreigners since they were not directly convertible into foreign exchange. The existence of foreign concessions in Tientsin made possible the continued wide circulation of the Chinese currency and, moreover, when the F.R.B. notes were used, they were generally discounted 7 to 10 per cent.[1]

Throughout the summer and fall of 1938 the Five Ministers Conference, an inner cabinet composed of the Prime Minister and Ministers for Foreign Affairs, War, Marine and Finance, was held. It was during this time that it was decided to place most of the functions of the Foreign Office relating to China in the hands of a proposed China Affairs Board. Two other important issues which were discussed at the Conference were whether the Anti-Comintern Pact should be transformed into a full military alliance, and, if the Pact should continue to apply only to Russia or be reevaluated with reference to Britain and France.[2]

In turning to an accessment of the British economic position in China, it is well to remember that although many of the figures which are used here actually were taken from

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[1] Ibid., pp. 147-148.

[2] Yale Candee Maxon, Control of Japanese Foreign Policy A Study of Civil-Military Rivalry 1930-1945 (Berkeley: University of California Press, 1957), p. 134.

several years prior to 1938, they were in most cases the only ones available. But I think that for the purposes of this paper they do give one an indication of the trade and financial patterns which prevailed, although these by 1938 had certainly changed somewhat, owing if nothing else to the Sino-Japanese conflict.

Total British investments in China in 1931 were estimated to be about £250 million with approximately three-fifths of this being invested in the International Settlement at Shanghai[1] and one-tenth at Hong Kong.[2] The investments of Japan, which were located mainly in the Manchurian region of China, by 1930 amounted to about £182.5 million while the United States by contrast had investments of only £31.9 million.[3] In terms of dollars, the total British investment in China, including Hong Kong, in 1931 can be broken into its several components. Of a total investment amounting to 963.4 million dollars, approximately 240 million were concentrated in the export-import business, 200 million in real estate, 170 million in manufacturing, 130

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[1] Royal Institute of International Affairs, op. cit., p. 211.

[2] Ibid.

[3] China Proper Economic Geography, Ports and Communications, Vol. III of the Geographical Handbook Series prepared by The Naval Intelligence Division (Parkside Works, Edinburgh: Thomas Nelson and Sons, Ltd. Under authority of H. M. Stationary Office, 1945), p. 571.

million in Transportation, and with 115 million being invested in banking and finance.[1]

Britain in 1931 held 36.7 per cent of the total of foreign investments in China, including Manchuria. Japan being a very close second with 35.1 per cent, thereby leaving Russia and the United States with 8.4 per cent and 6.1 per cent respectively.[2] As regards China's foreign loans in 1931, British investors were second only to Japan, holding 36 per cent with the latter holding 38 per cent. France and the United States again trailed with 16.5 per cent and 7 per cent of the total respectively.[3]

Britain in 1936 was the source of approximately 11.7 per cent of Chinese imports while the United States and Japan exported to China 19.64 per cent and 16.26 per cent of her total imports respectively. The share of Japan however should actually be somewhat larger, since in 1932 the Japanese began the exclusion of Manchurian trade from the Chinese Customs' returns. In addition, if the British Empire were taken as a whole, it supplied about 20 per cent of Chinese imports for that year.[4]

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[1]Frederick V. Field (ed.), Economic Handbook of the Pacific Area (Garden City, New York: Doubleday, Doran and Co., Inc., 1934), for The Institute of Pacific Relations, p. 356.

[2]Ibid., p. 355. [3]Quigley, op. cit., p. 36.

[4]China Proper, Vol. III, op. cit., p. 570.

During 1936 British imports from China were only 9.18 per cent of the latter's total exports, a figure significantly less than either the United States with 26.36 per cent, or Japan with 14.48 per cent.[1] Trade with China amounted to approximately £10.3 million thus constituting approximately 1.5 per cent of total British exports and 0.45 per cent of total British imports. Of this total trade, 60 per cent passed through Shanghai.[2]

British vessels in 1936 accounted for 39.5 per cent of the total entrances and clearances at Chinese ports, with the Chinese, Japanese and Americans following with 3.5 per cent, 17.2 per cent and 2.6 per cent respectively. Although the three leading countries accounted for three-fourths of the foreign shipping, they constituted 93 per cent of the coastwise shipping in China.[3]

The bulk of British investments in Japan, which in 1930 totalled £63 million[4] or 1.79 per cent of her total world investments, were in the form of government or private corporative securities.[5] The principal items by value in the Japanese export and import trade were textile goods, in

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[1] Ibid.

[2] Royal Institute of International Affairs, op. cit., p. 210.

[3] China Proper, Vol. III, op. cit., p. 591.

[4] Field, op. cit., p. 344. [5] Ibid., p. 360.

which Britain played a small role. The United States supplied the bulk of Japan's imports of cotton, machinery, iron, steel and petroleum.[1]

As regards the impact of the Sino-Japanese conflict upon the British Diplomatic Missions in both China and Japan during the latter part of 1938 and early 1939 it is of course obvious that the volatile European situation weighed heavily upon those in the Foreign Office and upon any sort of actions that could be undertaken in the Far Eastern area. It was precisely during this period that the Japanese captured Hankow and subsequently launched an attack in South China which resulted in the fall of Canton with the resultant danger to the internal Chinese trade of Hong Kong as well as the bulk of its food supply.

The Japanese throughout the period continued to harass British interests in occupied areas through a variety of measures which proved to be quite restrictive to British trade and business. These measures when subjected to the vigorous protests of Sir Roger Craigie, the British Ambassador in Tokyo, were generally held by the Japanese Government to be necessary on the grounds of military necessity.

The British were attempting to safeguard or preserve their interests in the area with such means as they had available, the fact that Britain could not successfully pro-

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[1] Ibid., p. 436.

tect her interests in both the Far Eastern and European spheres simultaneously being a foregone conclusion. Craigie and Kerr, the British Ambassador to China, each saw the means to protect British interests in terms of the problems faced by them in their respective positions. In addition one should remember that Sir A. Clark Kerr was out of touch with reliable communications during his periods of travel between the various widely dispersed centers of the Chinese National Government and as a consequence was not always fully aware of all developments as they occurred.

CHAPTER II

AIDING CHINA VERSUS RETALIATION AGAINST JAPAN: PROS AND CONS

By August of 1938 the British had begun to realize that it would be unwise to continue their present policy which had consisted of talking of aiding China, while in actuality withholding aid from her. This of course had the effect of causing the Chinese disappointment and a certain loss of hope, while in Japan the impression created was that Britain was aiding China more than she actually was. The result being that Britain was gathering ill will from both sides.

As the Chinese began to doubt their ability to continue the struggle without the assistance of Britain or some other Power, and, as the Japanese animosity toward Britain continued unabated (indeed it began to increase) it became painfully obvious a change in policy was needed. The British were of course searching for such a course of action as would have the maximum desired effect with the minimum amount of risk being incurred. Both, methods of aid to China, as well as methods of retaliation against Japan were discussed.

Throughout the spring of 1938 the Chinese Government had pressed the British Government for loans or credits

which totalled about £20 million. The British Government being reluctant to become directly involved in any scheme of aid to China, the Chinese Government was subsequently refused financial aid since private British investors did not consider the Chinese security offered as adequate and the Government would not guarantee their security.

This action, of course, disappointed the Chinese Government, which considered itself to badly need such aid if it were to be able to continue to press on with the war. Sir A. Clark Kerr had been informed by Chiang Kai-shek that in the absence of such aid China would be forced to reevaluate her position vis-a-vis Great Britain. Kerr pointed out on August 5 that,

> It is to be assumed that Chiang can only have meant that if no support is to be got from us China would be forced to associate herself more closely with Russia.[1]

Noting the attitude of the Chinese Government as assessed by Kerr, Viscount Halifax, the Foreign Secretary, in effect acknowledged the impending crisis of British policy when he stated that,

> . . . it appears that it would be unwise to cherish hopes that may have been hitherto entertained that hostilities would continue until the Japanese had so far exhausted themselves as to become unable to give effect to the ambitious plans they have in contemplation, the effect of which is likely to be so detrimental to British interests.

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[1]Woodward and Butler, op. cit., p. 8.

> Apparently the Chinese now feel doubt about their ability to continue the struggle.[1]

Kerr urged that British policy should perhaps be reviewed when he stated that,

> I should not like to see these hopes [Chinese hopes of British aid] dashed for good for it would mean firstly, our flinching from our Geneva undertaking and slipping into the position merely of spectators of the struggle and secondly, because I think we have everything to gain by frustration of Japanese effort and everything to lose by it's success.[2]

Craigie put the shortcomings of the present policy in a nutshell when he stated:

> Are we not . . . in danger of getting worst of both worlds - in Japan by creating impressions that we are doing more for China than is actually the case and in China by causing disappointment because kind words are not followed by good deeds?[3]

As Kerr had pointed out the bad effect upon Chinese relations from the British refusal of financial assistance to China, so also did Craigie point out that,

> . . . the announcement [of July 26, 1938 that no British aid to China would be forthcoming] undoubtedly deprived me of a lever here and further announcements that special legislation would in any case become definitely necessary has given the Japanese an unfortunate sense of security in this respect.[4]

He furthermore stated that the Japanese Government had come to regard the, ". . . risk of direct foreign pressure or reprisals . . . as slight . . ."[5]

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[1] Ibid., p. 11. [2] Ibid., p. 8. [3] Ibid., p. 47.
[4] Ibid., p. 29. [5] Ibid., p. 54.

With the need for a change in the direction of British policy in the area evident, the British began to turn over in their minds the various courses of action which might be taken. However, all courses contemplated were balanced against the probable Japanese reaction and were subsequently discarded if considered to be too risky. Halifax, on October 17 on the subject of aid to China, expressed this well when he stated that,

> The plain fact is that Ministers feel unwilling at this moment to take any chances of provoking an incident with the Japanese which would face us with the choice of climbing down or depleting our forces in European waters for we are not in a position effectively to defend our interests in the Far East at the moment, and this situation is bound to continue until the position in Europe lightens or we are sufficiently rearmed to enable us to maintain a force of ships in Far Eastern waters sufficient to engage the Japanese Navy. Any suggestion of help from us to China provokes an uproar in Japan . . . (with the) Effect . . . that we are hindered from helping China . . .[1]

The Chinese had, in the latter part of September 1938, again put the question of the Japanese invasion of China before the League of Nations with the hope that some sort of action might be taken which would impair the ability of Japan to continue to press the war. Craigie, with a view towards the effect on Japan which sanctions by the League might have, stated that,

> There is a great deal to be said for application against Japan of really effective sanctions in full co-operation with members of the Council. There

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[1] Ibid., p. 143.

> seems nothing to be said for a purely theoretical or largely ineffectual application, effects of which would be better calculated to render irresistible present trend towards a strengthening of Japanese ties with Totalitarian States. Furthermore opportunity would be seized by our enemies here to use this as an argument for disrupting our rights in China even more completely then they are at present.[1]

Halifax, recognizing that some form of aid to China or pressure upon Japan should be applied, on August 29 suggested that in the absence of serious developments in Europe perhaps progressive action could be applied in the following stages;

> (1) institution in British-controlled territories of various petty administrative vexations on Japanese model; (2) such economic reprisals as may be possible without denouncing treaty, again modelled so far as possible on something the Japanese have done; (3) the denunciation of Anglo-Japanese Treaty in respect of certain colonies; (4) denunciation of the treaty in toto.[2]

Craigie disagreed with this line of thought stating on October 23 that,

> . . . there would be no advantage in gradual execution of a policy of reprisals working up from petty annoyances to denunciation, but that it should first be decided whether we are prepared to accept all consequences of denunciation and if we are so prepared, we should denounce in toto after fair warning to Japan. This course has the merit of being justifiable on the principle that we cannot continue most-favored nation treatment to a country which does not fulfill its treaty obligations (i.e. Nine-Power Treaty) and . . . falls into line with recent United States note [October 6] . . .[3]

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[1] Ibid., pp. 108-109.

[2] Ibid., pp. 50-51.

[3] Ibid., p. 161.

He further contended that,

> . . joint or parallel [economic retaliatory] action [with the United States] - or the threat of such action - represents the only certain way open to us of ensuring not only respect for existing foreign rights and interests in China, but also the maintenance of the 'open door' for the future.[1]

Pursuing this line further he stated that,

> If the Dominions - or some of them - were to take corresponding action [denunciation], the economic effects would be pro tanto greater, while parallel action by the United States would render the effect of these measures on Japan's economic structure well-nigh overwhelming.[2]
>
> As regards political risks these would admittedly be great in the event of action by Great Britain alone but negligible in the event of parallel action by British Empire and United States of America.[3]

But since he felt it would be unwise to count on any resolute action from the United States,

> . . . the next best policy is to continue the present method of playing for time, protesting against infringements of our rights, withholding credits and hoping that a continued resistance by General Chiang Kai-shek . . . may induce a more reasonable frame of mind among the Japanese.[4]

Moreover, he felt that,

> . . . in their present mood . . . [the Japanese] might even risk becoming embroiled with us if we were to take a step which would in effect be indistinguishable from sanctions . . . But I doubt if we really need run this risk. Denunciation cannot come into force for a year . . . [thus] no practical results . . . can be expected before beginning of 1940.[5]

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[1] Ibid., p. 190. [2] Ibid., p. 193. [3] Ibid., p. 299.
[4] Ibid., p. 190. [5] Ibid., p. 161.

This fact coupled with the recent Japanese expedition into South China caused the Japanese to have, in Craigie's estimation,

> . . . extended their commitments so greatly that it is difficult not to deduce that their resources must now have diminished at such a pace that no effort on our part is needed . . . to hasten the end [of the conflict] before . . . 1940.[1]

Thus although Craigie did not favor denunciation at the present time he did stress that, ". . . I do not think we need forbear to let the Japanese know that we have this weapon in our armoury . . ."[2]

Kerr, fresh from a recent meeting with Chiang Kai-shek, summed up his views concerning British policy on November 7 when he stated that,

> I think that he [Chiang Kai-shek] was right when he said that we were at a parting of the ways. I submit the time has come to decide once and for all whether we are going to do something for the Chinese which will be of immediate practical use to them or to retreat from engagements entered into at Geneva and pin our faith on the assurances of Japan. For myself I regard these assurances as worthless while I consider the keeping of the goodwill of the Chinese, even perhaps at the price of some temporary financial loss, to be something of real and lasting value of essential importance to our whole position in this country in future . . . .. The first step towards this might be denunciation of Anglo-Japanese commercial treaty.[3]

Halifax apparently agreed that the time had come to help China in a material manner, as indicated by his state-

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[1] Ibid., p. 162.

[2] Ibid., p. 192.

[3] Ibid., p. 196.

ment of mid-December in which he stated that,

> I feel that the best way in which we can show our sympathy with China and our confidence in her future is to help her with such schemes as export credits etc. Concrete assistance of this kind will have a greater effect than any number of pious statements which are apt to raise false hopes with subsequent reactions.[1]

Craigie's turnabout in attitude toward the Japanese Government as regards its sincerity, coupled with his awareness of the growing Anglo-American collaboration and interest in methods of retaliation, prompted him to report on January 1, 1939 that:

> If . . . there were to be imposed even a relatively small restriction on Japan's exports of merchandise or gold and if credits and loans were simultaneously to be withheld Japan's economic situation would immediately become critical. If an embargo were to be placed on Japan's exports to the British Empire, United States and France (thus affecting 70 per cent of her total foreign exchange producing trade), the effect would . . . rapidly prove disastrous to Japan's economy. Such devices as Japan might resort to in co-operation with her totalitarian associates would be quite inadequate to stem the above process. Even a drop in value of currency would not extricate Japan from her difficulties.[2]

He then recommended that:

> The simplest and most effective first step would appear to be for Great Britain, United States and France to refuse to purchase any further gold from Japan (assuming arrangements could be made to prevent Japanese gold reaching those countries through third parties).[3]

By mid-December and early January Anglo-American collaboration was increasing rapidly in contrast to what it

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[1] Ibid., p. 342.

[2] Ibid., p. 360.

[3] Ibid.

had been before. The British of course were desirous of channelling this new found American attitude which might possibly lead to active cooperation into paths which ran parallel to those of their own best interests. They also were at pains to do nothing to divert this new American attitude from its course. Heretofore Craigie had felt that joint Anglo-American action, whether to aid China or for the purpose of retaliation against Japan was a comparatively safe course to embark upon as regards Japanese counter-actions, only as long as it were parallel or joint.

It was then his lack of faith in both the resoluteness of American action and the sincerity of the Japanese Government combined with his belief that the Japanese economic structure had been so weakened that she would soon have to bring the conflict to a conclusion which prompted him to earlier recommend that Britain avoid embarking upon a course of retaliation. Indeed, he had urged that Britain continue to pursue her present policy, that of protesting Japanese infringements of British rights coupled with not materially aiding China.

On January 1 of 1939 he reported that,

> . . . If parallel measures are to be applied by British Empire and United States in support of Chinese Government and/or for economic pressure on Japan I feel (a) present moment is the most favorable . . . and (b) that from now onwards certain factors might operate in Japan's favor. My reasons are: - 1. Japanese army is so deeply committed over a vast area in China. 2. Prospect of future economic and financial difficulties is beginning to have its effect

> in competent Japanese circles. 3. United States attitude for the first time shows definite signs of hardening. 4. Series of [Japanese] declarations since November 3 have . . . [afforded] concrete justification for counter action and . . . [diminished] such hopes as were formerly entertained of change in Japanese policy through advent to power of moderate elements . . . . 5. . . . [possible] disintegration in China . . . might be arrested by some sign of more resolute action by Great Britain and United States. 6. Japan's failure to reach usual fishing modus vivendi with U.S.S.R. may at any moment develop into first class crisis and economic action if it is to be taken should synchronize with Russo-Japanese tension.[1]

Craigie after showing how vulnerable to economic retaliatory action he believed Japan actually was, was now anxious to obtain the full cooperation of the United States. He suggested that when considering the alternative to such a course it be pointed out that,

> . . . it is no longer a question merely of protecting this or that vested or trade interest in China but of preventing, while there is yet time, the formation in East Asia of a valid and economic entity which may have serious repercussions on credit of every category of Power. Ambitions of elements which today are dominant in Japan will be limited by the degree of resistance which they encounter - and by nothing else.[2]

Kerr had been thinking along somewhat the same lines when he stated that,

> It seems to me if we are decided that our position in China is to be saved, we must appreciate that this can only be achieved by our own efforts and not by the indulgence of Japanese, that we should from now on approach problem with determination that sooner or later there is to be a day of reckoning and that our plans should laid against that day.[3]

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[1] Ibid., p. 362.

[2] Ibid., pp. 362-363.

[3] Ibid., p. 251.

He concluded by stating that,

> I should like to see ourselves, the Americans and the French make a common declaration of policy in the Far East. At the same time, keeping pace with any reprisals we may be able to take against Japan, the Americans might be prompted to make some extension of their systematical warnings (now, I understand, confined to aircraft) in respect of commodities essential to the Japanese.[1]

In a statement of early January 1939 Halifax reflected some views stated earlier by Craigie, if not more optimistically, when he said that,

> . . . we (His Majesty's Government) think that the time has come when action of this kind (currency stabilization loan) might have the maximum effect with the minimum risk. Already the tone of the United States note (of December 30, 1938) and our decisions to give (export) credits have produced a salutary effect on Japanese who have shown signs recently of being more accommodating. But effect produced by parallel action of the two Governments (United States and Britain) on lines of simultaneous contributions to currency stabilization fund might in our view be expected to be much greater. Moreover the confidence of the Chinese in their ability to hold out and their morale generally would be enormously strengthened by such a gesture which might indeed prove the turning point in the whole struggle and lead to the salvation of United States and British commercial interests. Furthermore, the psychological effect of this move might well show itself in an increased resiliency of the Chinese dollar thus reducing risk of contributions to stabilization fund being lost.[2]

Craigie, although not as optimistic as Halifax, did support his view that the Japanese reaction to the proposed currency stabilization fund would be mild when he stated

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[1] Ibid., p. 252.

[2] Ibid., pp. 373-374.

that,

> My belief that no Japanese counter-action more serious than further pressure on our interests in China is to be anticipated is strengthened by relatively mild reaction to American and British notes and recent American credit to China . . . . Informed section of Japanese opinion (e.g. banks' opinion) would still welcome support of China's currency but more important consideration is that even in military and civil official circles both in Tokyo and Shanghai there appears to be a growing realization that support of currency is a Japanese interest . . . I am however doubtful whether such people as 'extreme supporters of Federal reserve Bank scheme', would take so far-sighted a view and whatever may be logical and technical reasons in favour of proposed steps, the rescue of Chinese dollar by British action . . . must necessarily be highly distasteful to Japanese opinion.[1]

However even though Craigie did expect only a relatively mild reaction from the Japanese he did request that, ". . . I . . . be given arguments to show that creation of proposed fund could not be used even indirectly to promote purchase of munitions."[2] Kerr disagreed, stating that he did not, ". . . think that in the long run there is anything to be gained by tempering the blow [currency stabilization loan] to Japan as suggested by Sir R. Craigie . . ."[3]

Halifax, believing that the United States Government was prepared to take parallel and simultaneous action with the British on the proposed currency loan, stated on January 6 that,

> The essential points . . . are that it should be made clear [to the Japanese] that action is being

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[1] Ibid., p. 400.

[2] Ibid.

[3] Ibid., p. 370.

> taken by both Governments [United States and Britain] to maintain our respective interests in China which would be seriously threatened by a collapse of the Chinese currency . . .[1]

However upon learning that the United States Government was not prepared to join the British Government in the proposed currency loan, he was forced to modify his previous instructions with regard to how it was to be presented to the Japanese. He obviously could not now stress the fact that it was the product of joint Anglo-American action, but he did retain, indeed he increased, the weight given to the argument that it was not done to aid an enemy of Japan, but only to maintain the British interests in China. His instructions to Craigie stated:

> . . . I think your main line must be that stability of dollar is a British interest, that our intervention in support of it has been rendered necessary by Japanese action and, if a perfectly legitimate step taken by His Majesty's Government in defence of British interests has indirect result of helping Japan's opponents, Japan has only herself to blame for putting us in the position of having to take this action.[2]

As regards retaliation Halifax stated that His Majesty's Government was of the opinion that any form of economic retaliation would not be immediately effective thus allowing Japan time to readjust her economy as regards markets, etc. He concluded by stating on January 23 that,

> . . . A policy of retaliation cannot be embarked upon without a clear realization to what it will lead

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[1] Ibid., pp. 373-374.

[2] Ibid., p. 488.

> if pursued to the end - and the objections to embarking on such a policy and then being forced to retract are self-evident. Whatever may be the initial step in a policy of retaliation, the real problem is the political dilema that non-retaliation may involve the failure to protect the Treaty rights and legitimate interests of British and American nationals against discrimination and the danger of eventual elimination by Japanese aggression; while retaliation involves the danger of counter-measures and of war . . . . His Majesty's Government have hitherto been disposed to think that, in the present state of Europe, the right policy for the present is not to embark on retaliation.[1]

Craigie on January 28 took issue with Halifax stating that in his view parallel Anglo-American economic retaliation would, as he had earlier pointed out, be immediately effective. Moreover, he continued,

> . . . I feel the main issue is now far wider and far more important since what is at stake is not only our commercial investment in China but the whole political and economic future of countries with interests in the Pacific to say nothing of the urgency of ensuring the observance of treaty obligations as a matter of principle. If what we are striving for is to uphold a principle and avert a future danger we are justified in taking greater risks in terms of short-run disadvantage than if our aim were merely to preserve existing interests intact . . . risk of war is slight if the matter is properly handled.[2]

The question of whether China were to be aided or whether steps of retaliation should be taken against Japan was ultimately decided by which course offered the least risk of war. The stiffening of American attitude coupled

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[1] Ibid., p. 414.

[2] Ibid., pp. 425-426.

with the increasing weakness of the Japanese economy made retaliation seem more attractive than it otherwise would have been. In addition, the various Japanese public declarations of future intent which so clearly showed that if she were able to press these plans to a successful conclusion, foreign interests in China would be destroyed, was yet another prod toward the implementation of a policy of retaliation.

However, if a choice were to be made a course of action which were to aid China, especially if it could be cloaked in some sort of camouflage as to its true intent, was certain to be the least distasteful to Japan with, consequently, the least risk of war.

Both courses of action were, in the end, intended to accomplish essentially the same goals: that being the limiting of the ability of Japan to press forward with her plans for East Asia. Aid to China, if a bit more round about than retaliation, would in the end accomplish the same thing. If China could be strengthened by British assistance it was hoped that she would be able to continue the struggle with Japan until the latter had so exhausted her economic strength that she would be forced to terminate the conflict. China at the same time then would not find it necessary to pursue any alternative courses of action, which would have been highly distasteful to the British, such as the establishment of closer ties with Russia or even a joining of

forces with Japan. Thus either course, aid to China or retaliation, would accomplish essentially the same thing. The British took the course of least resistance which was aid to China.

CHAPTER III

BRITISH ACTIONS VERSUS UNITED STATES ACTIONS: WHO WAS LEADING?

Great Britain, from August 1938 to March of 1939, could be characterized as courting the United States with a view towards channeling her actions in ways favorable to the execution of British foreign policy. This was, however, done ever so subtly so as not to further arouse the isolationism prevalent within the United States at this time. Great care was taken to avoid all appearances that Britain was again in trouble and looking to the United States to bail her out. Thus the technique most often used was that of appearing to be tending to its own business, being receptive to all United States suggestions, yet to not appear to be pushing. The desire to avoid the appearance of pushing, resulted in most of the actual overtures for joint Anglo-American actions being made by the United States. However, once made, Britain lost no time in displaying its desire to cooperate. Most of all Britain desired that this cooperation take the form of parallel actions, which the British felt were less dangerous since Japan would thus be presented with more formidable opposition.

Britain, of course, was occupied in both Europe and the Mediterranean and was consequently weakened in the Far

Eastern area. The United States, it was felt, would help in overcoming this weakness should Britain be able to secure parallel Anglo-American actions in the politics of the Far East.

The United States, with its distaste for becoming involved in the affairs of other peoples, based its protests to Japan on purely legalistic principles. Their protests were based on the 'Open Door', the Kellog Pact and upon the Washington Treaties, specifically the Nine-Power Treaty. Britain, on the other hand, while certainly not omitting reference to the various legal arguments did sit down with the Japanese and attempt to hammer out solutions acceptable to both sides, which did in a sense take into account the realities of the time, that is, war with China.

The United States made protests to the Japanese at infrequent intervals; the protests when they came covered a variety of grievances. Britain began the period in question by submitting protests when each grievance occurred. But by October or November the British came to feel, as did the United States, that it was best to store up grievances and submit them from time to time thereby avoiding the pitfall of becoming regarded as a constant irritant.

The United States Note to Japan of October 6, 1938 seemed to be the turning point as regards Anglo-American cooperation. Previous to this the United States had shown

little inclination to act jointly with Britain in this area. With the Japanese rejection of their Note the United States lost little time in approaching Britain in regard to what sort of conclusions they had drawn and what sort of actions it would be most advisable to take, etc.

During August and September Craigie was involved in a series of interviews with the top personnel in the Japanese foreign office attempting to solve or at least lessen some of the problems and disputes which were occurring between the British and Japanese authorities in China. These talks extended, off and on, into October with the British, on the one hand, attempting to work with the Japanese in finding amicable solutions, and on the other hand being quite careful lest they inadvertently arouse the suspicions of the United States Government, or for that matter, its press or populace, that Britain was ready to sell out to Japan. This very real fear was voiced from time to time even into 1939.

Halifax voiced it saying,

> . . . I regard the word 'co-operate' as having most dangerous implications. If the Japanese were later to say publicly, as they certainly would, that we had promised to 'co-operate', we should be exposed to every sort of suspicion and inevitably be attacked in Parliament and in the press, not to mention effect in the United States of America . . .[1]

Craigie echoed the pangs of anxiety voiced by Halifax saying that:

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[1] Ibid., p. 41.

> While ultimate understanding with Japan is what we are aiming at, the line taken . . . is a little dangerous at a moment when American attitude toward Japan appears to be hardening [refers to United States Note of October 6] . . . My United States colleague asked me yesterday rather pointedly whether there was any truth in these reports of a new trend in London, and I replied in the negative . . . It would be well to keep United States Embassy promptly informed of any new conversations between British officials and the new Japanese Ambassador . . .[1]

Instructions were accordingly issued to Craigie to dispel any doubts which the United States harboured concerning British policy as indicated in the preceeding paragraph. He was to tell " . . . Mr. Grew [United States Ambassador to Japan] and United States Government [that it] can rest assured that His Majesty's Government have no intention of allowing themselves to be inveigled into negotiations for a deal with Japan inimical to the rights or interests of China or any other third party."[2]

Halifax displayed this same fear again, but in a somewhat different sense, when he said that rather than lose control of the Shanghai International Settlement's Municipal Administration through 'full co-operation' with the Japanese, it would be:

> . . . better that they should take it illegally by force majeure than that we should surrender the position voluntarily. In the former case we should at least have the moral support of the Americans . . .[3]

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[1] Ibid., p. 247.

[2] Ibid., p. 260-261.

[3] Ibid., p. 109.

The British were at great pains not to unduly annoy the United States by action they might take. Hence, even though there was at this stage no Anglo-American co-operation in the sense to which it was later to develop, the British nonetheless were careful to sound out the views of the United States. Instructions which Kerr received, during the course of negotiations with the Japanese on return of the Northern District of Shanghai to the Settlement, to:

> . . . discuss the question confidentially with his United States colleague and the British and American Councillors with a view to seeing whether any further concessions can be safely made . . .,[1]

serve to illustrate this.

Although the State Department and the Foreign Office as late as mid-October had not yet embarked upon any form of cooperation or collusion, Craigie and Grew had regularly exchanged views on a variety of subjects and had, as Craigie put it, ". . . a complete system for confidential exchange of information and communications addressed to the Japanese Government."[2] The British Foreign Office, aware of this Ambassadorial relationship, not infrequently sounded out the Representative of the American Government in Tokyo as to his Government's views on various subjects, having Craigie put the subject to Grew in such a way as to give the appearance

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[1] Ibid., p. 123-124.

[2] Ibid., p. 136.

of having emanated from the former as a purely personal inquiry. This of course very neatly avoided giving the American Government the feeling of being pushed and also of giving rise in the American press or Congress to suspicions of Anglo-American collusion.

The hesitancy on the part of the United States to align itself with any British actions began, after October 6, to slowly evolve into, if not active cooperation and joint action with Britain, at least an official awareness that both Governments faced a similar problem in the Far East and an active interest in the steps which Britain had heretofore taken and proposed to take, coupled with a stiffening of her attitude toward the actions of Japan in the area. Britain was, of course, quite interested in any form of cooperation and joint measures the United States might propose. She was encouraged by the new attitude the United States had assumed both vis-a-vis Japan and closer Anglo-American relationships, but doubted that, even if the American Government did continue its new tack, which in itself was open to some doubt, that the American press, public or Congress would allow it.

Craigie on October 4. 1938 reported that,

> My United States colleague informed me confidentially that he yesterday received instructions to present to the Japanese Government a lengthy note [United States Note of October 6] giving instances of discrimination

against American trade in China, monopolistic tendencies, exchange irregularities &c.[1]

The immediate reaction of Halifax to the note of October 6 was to refer to the bind in which the British Government had been accordingly placed. He stated that if the Japanese should:

> . . . now accede to American demands and later decline to give us similar treatment on the ground that we have more openly and actively assisted the Chinese, we can hardly argue that the United States of America have done more for China than we by silver purchases, recent wheat loan, sales of munitions & c., for that would place us in an impossible position vis-a-vis both our own public and the United States of America. If we say to the Japanese now that we shall expect similar treatment . . . there is perhaps a danger that the Japanese may tell the Americans that although they would like to meet them, they cannot do so because it would mean meeting us also, and the Americans would then accuse us of having queered their pitch.[2]

Craigie accordingly assured Halifax that, "Generally speaking my United States colleagues and I regard all demands we make of Japanese Government as complimentary and any favourable results as mutually beneficial."[3]

With an eye to any possible benefits which Britain might reap as a result of the United States note, Halifax instructed Craigie, as regards his series of interviews with the Minister and Vice-Minister for Foreign Affairs, that he " . . . should defer coming to any decision . . . until we

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[1] Ibid., p. 116.

[2] Ibid., p. 127.

[3] Ibid., p. 136.

see what is likely to be the outcome of the United States de' marche . . ."[1] Referring to these interviews he stated that,

> Clearly we should not show a readiness to be more accommodating than the Americans: we ought to be prepared to go as far as they in the matter of inducements to negotiate a settlement of our respective demands, but I doubt if we should go much further.[2]

Craigie, although hopeful that the United States note portended a brighter future stated on November 4 that it:

> . . . has raised hopes that we shall be able to count upon the support of the United States Government, if we are ultimately provoked to take some economic retaliatory action . . . although opinion in the United States appears to be slowly evolving, it would be unwise to count on any resolute action from that quarter.[3]

Referring further to the possibility of United States support of any future economic reprisals, Craigie summarized his general feelings saying that:

> I feel it would be a mistake to count too much on any such move by the United States . . . It would be even more of a mistake for us to make, uninvited, any proposals in this sense to the United States Government . . . for the moment the best channel of communication in such a matter would be through my American colleague and myself, thus avoiding the retort, which finds it's way all too easily into the American press, that once again Britain is inviting the United States to 'pull the chestnuts out of the fire'.[4]

Pursuing the above line further, Craigie said that,

At a moment when I am still hoping United States

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[1] Ibid., p. 135.

[2] Ibid.

[3] Ibid., p. 190.

[4] Ibid., p. 193.

> Government will not run away from their own note of October 6, it might be bad tactics to make communication [refers to a request from Halifax that he speak to Grew with a view to obtaining United States relaxation of their strictly legalistic view of the Nine-Power Treaty] which State Department could construe or affect to construe as a weakening of British attitude.[1]

The United States note of October 6 had increased the British desire to reach some sort of understanding with the former relating to joint action in the Far East. Craigie on October 13 cabled that he had been turning over in his mind:

> . . . whether it might not be advisable to convey to Japanese Government a hint of possible reprisals [Japanese be treated in United States as Americans treated in Japanese occupied area] in much the same form as it was conveyed in United States Government's note of October 6 . . .[2]

However, by November 10, Craigie, after having seen a rather more firm and positive policy was to be taken by the Japanese Government as occasioned by the Japanese Government's statement of November 2 and the broadcast of Prince Konoye on November 3 which left no doubt as to Japanese plans for East Asia, had changed his view. He now noted that Britain was fortunate that the United States note:

> . . . should have been communicated at this particular juncture and there is every advantage for the present in leaving the lead to the United States Government. I venture to suggest if at this juncture we avoid all appearances of prodding the United States into action, that country is likely to go both further and faster and might soon itself be proposing 'parellel

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[1] Ibid., p. 269.

[2] Ibid., p. 136.

action' by the French and ourselves.[1]

Sir A. Clark Kerr taking note of the United States demarche of October 6, and the Japanese declarations of policy of November 2 and 3 took a different view saying,

> I should like to see ourselves, the Americans and the French make a common declaration of policy in the Far East. At the same time, keeping pace with any reprisals we may be able to take against Japan, the Americans might be prompted as a beginning to make some extension of their systematical warnings (now, I understand, confined to aircraft) in respect of commodities essential to the Japanese.[2]

By early November the United States was becoming more active in seeking Anglo-American cooperation. Halifax on November 5 informed Craigie that he had been told by the United States Embassy that Grew had been instructed to make a strong representation concerning freedom of navigation on the Yangtze and that the:

> . . . United States Ambassador in Tokyo has been instructed to suspend action for a few days against the possibility that we and French Government would wish to make similar but separate representations in Tokyo.[3]

Craigie's reaction was that,

> My French colleague and I consider it important not to push United States Government further than they wish to go and I have therefore informed my United States colleague that for our part we concur in procedure favored by United States Government.[4]

During the course of a conversation with Grew in the first week of November, Craigie had inquired as to whether

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[1] Ibid., pp. 215-216.

[2] Ibid., p. 252.

[3] Ibid., p. 194.

[4] Ibid., p. 244.

the subject of reprisals had received any consideration by the United States Government. Upon receiving a reply in the affirmative he there upon proceeded to outline his analysis that in his view denunciation of the Anglo-Japanese Commercial Treaty would be the best course of action, adding that if any such action were taken any risks attendant thereon would be enormously reduced if the United States were to take parallel action. After subsequently intimating that the aforementioned might be passed to the State Department, he pointed out that:

> There was a natural reluctance on our part to take the initiative in such a matter in Washington, but, if United States Government were already considering the question, it was important that they should at least know that it was also under consideration in London.[1]

Both Governments had been studying the possibility of reprisals although no communcations concerning any conclusions they might have reached had been exchanged up to this time. Britain, as Craigie had pointed out, was reluctant to take the initiative for fear of either arousing the isolationists or of pushing the United States Government too far too fast, thereby perhaps reducing any possible chances of Anglo-American cooperation in the area. The American Government had, however, apparently began to undergo a change in its attitude toward Anglo-American cooperation upon receiving an unsatisfactory reply to its

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[1] Ibid., pp. 183-184.

Note of October 6.

On December 1 Lindsay, the British Ambassador in Washington, reported that the Acting Secretary of State, following up a similar statement by Sumner Welles, had stated that Japanese policy in the Far East showed that there was,

> . . . increasing need for Governments whose interests were threatened to concert economic action in their defence. He indicated that State Department would be receptive if within a few weeks they could learn any conclusions His Majesty's Government might have reached.[1]

Recognizing that this United States overture might well become the basis of future Anglo-American cooperation, Halifax following up a similar message of the previous day, instructed Lindsay on December 6 to inform the United States Government that Britain was considering the establishment of a Chinese Currency Stabilization Fund and that,

> His Majesty's Government's decision on the question of contribution to currency stabilization loan would be greatly influenced by the knowledge that United States Government were willing to take parallel and simultaneous action.[2]

Halifax having thus put in a plug for parallel actions, which he deemed so important, received a wire on December 11 from Mr. Mallet, the British Counsellor in Washington, reporting that, "United States authorities would

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[1] Ibid., pp. 278-279.

[2] Ibid., p. 301.

like to exchange information on what else has been, or is being, done for China by United States and United Kingdom respectively."[1]

Mallet on December 19, referring to the recent $25 million United States credit to China stated that, "My own feeling is that United States Government having made their contribution . . . will be disappointed if we do not soon follow it up by some form of financial aid to China."[2] A few days later it appeared that he had perhaps assessed the situation correctly when he reported that,

> Speaking quite personally today Hornbeck [United States Department of State Advisor on Political Relations] much hoped that we should now follow up American action by some action of our own.

he continued stating that,

> I feel that from point of view of Anglo-American cooperation it is important that we should make some early announcement of whatever it is decided to do to help Chinese Government.[3]

The contention of Mallet that the United States desired an early British response was borne out the first week of January 1939 at which time he was again pressed by Hornbeck as to what sort of action Britain proposed to take.[4]

A British reply was not long in coming. Two days later, on January 6, Mallet was instructed to inform the

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[1] Ibid., p. 311.

[2] Ibid., p. 336.

[3] Ibid., p. 341.

[4] Ibid., p. 367.

Government of the United States that His Majesty's Government had decided to introduce legislation that would enable them to support the Chinese Currency

> . . . provided that the United States Government are prepared to take parallel action to support Chinese currency at the same time . . . [and that] The United States Government are aware that we have already allocated to China about £500,000 of the credits which will become available when the Export Guarantees Bill is passed. In addition to this it is proposed to earmark, at least a further two and a half million pounds to assist Chinese Government purchases in this country . . . This . . . should be regarded as our counterpart to the commercial credits granted by the United States Government last month."[1]

The British, then, seem to have regarded the granting of export credits as a counterpart to the United States credit to China. Moreover they seem to have regarded a currency loan as something entirely separate and independent of the credit schemes and more dangerous and important. They appear to have been caught on the horns of the same dilemma they had been contending with for months. They felt that parallel Anglo-American action was essential to their meeting with any success in their Far Eastern objectives without incurring too great a risk. Craigie very aptly

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[1] Ibid., p. 373.

expressed this attitude when he stated that,

> Important thing is that we should do nothing by ourselves which would incur the risk of war . . . I do feel that it is of the very highest importance that at every step the United States should take parallel action with Great Britain and vice versa.[1]

But on the other hand she did not want to do anything which might tend to deflect the United States from its recent stiffening of attitude toward Japan. Halifax expressed this consideration in mid-January when he stated:

> I consider that our aim must be active Anglo-American co-operation wherever possible, and we must be careful to do nothing which might jeopardize the movement in the United States for collaboration with like-minded Governments in Europe, which has already gone beyond what appeared likely a few months ago.[2]

However by the end of January Mallet reported that the United States Government, while it did not rule out the possibility of such action, would not promise any parallel and simultaneous action if Britain were to make the proposed currency loan. He added that,

> What must be avoided at all costs is any hint of collusion between our two Governments. Congress is in a suspicious mood and would make endless difficulties if this idea got about.[3]

Nevertheless the Currency Stabilization Bill was submitted to Parliament and passed during March 1939, thereby in a sense placing the British in the position of leading in

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[1] Ibid., pp. 261-262.

[2] Ibid., p. 407.

[3] Ibid., p. 429.

this instance, although not without hesitation.

Thus the situation which did develop was one in which Britain, while eager to have the United States take a stiffer line as regards Japan and to become actively involved with herself in joint measures calculated to further the aims of both Powers, was very hesitant to take measures of consequence unless they were taken in parallel with the United States. This being because she feared arousing the wrath of Japan to the extent that her inadequacy in this area would be bared for all to see. The United States while quite willing to exchange ideas, information, etc., avoided parallel measures which would be interpreted at home as Anglo-American cooperation or collusion. She did in many cases see eye to eye with Britain as what measures should be taken but preferred that such actions be taken on an individual basis and not in parallel. Britain was trying to avoid just such a situation. Britain wanted to take such measures as might arouse Japan only in close and open cooperation with the United States, thereby, they felt, minimizing the attendant risks.

It cannot be said that either Britain or the United States was clearly leading the other. The British policy of not appearing to prod or push the United States into action in many cases leaves the appearance that it indeed was the United States which was doing the leading. However, close

examination of the line of thought of the principal British participants as displayed in their wires of this period, shows that they felt they were attempting to subtly lead the United States, while outwardly maintaining an attitude of watchful waiting. Consequently one is faced with the decision of whether British thought and attitude did have an effect on the American decisions to take such actions as they took, and, whether the British considered themselves to be leading, if only in thought.

CHAPTER IV

WAS BRITAIN TREATED LESS WELL AT THE HANDS OF JAPAN THAN WAS THE UNITED STATES?

The British, as is shown in Chapter III, strongly desired cooperation with the United States in the Far East for the purpose of thwarting Japan in securing her objectives, whether psychologically or economically, in relative safety. The British of course desired the cooperation of the United States because of her undisputed economic and military power. The United States being by far the largest trader with Japan, conceivably had the ability to strike a severe blow at the latter should she choose to do so. Moreover the United States was not occupied at any point with large military commitments or strains whereas Japan was engaged in a large scale war on the Asian mainland. By contrast British trade with Japan while certainly not insignificant, did not reach the proportions of American trade. In addition Britain, again in contrast to the United States, did have significant vested interests in China--interests which in the event of war, would cause considerable friction between the conquering Japanese authorities and the British.

The British were of the opinion that the United States was receiving better treatment as regards affairs in China at the hands of the Japanese than they. Craigie as

early as the beginning of September 1938 stated that,

> . . . all reports reaching me indicate that there has for some time and as a general rule been more friendly co-operation between United States and Japanese authorities in China than between British and Japanese . . .[1]

As an illustration of the degree to which preferential treatment was being accorded the United States, Mr. Jamieson (the British Consul in Tientsin) viewing with increasing concern the rising tension between the Japanese authorities and those of the British Concession in Tientsin, recommended that it would be advisable in the event of a crisis to take the women and children, " . . . and put them under the protection of the American flag."[2] He evidently felt that the Japanese respect for the United States was such that even British subjects if placed under the protection of the American flag would not be harmed, whereas if those same people were under the British flag they very well might be.

Halifax noted that, "In the past the Japanese have shown some disposition to treat American demands with greater consideration than British."[3] Craigie on October 13 in reply stated that,

> While it is an essential part of the Japanese policy to conciliate American interests I am not aware of any concrete instance in which a concession made in favour

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[1] Ibid., p. 62.

[2] Ibid., p. 84.

[3] Ibid., p. 127.

of American interests has been withheld from us.[1]

Throughout the period, the feeling that the United States was receiving better treatment by Japan than was Britain continually shows itself. It was indeed shown in Craigie's reply to Halifax concerning the Japanese treatment of British demands and protests when he stated on November 3 that,

> I may add that complaints of other foreign Governments have fared no better than ours and it is to my mind remarkable that with all the Japanese desire to propitiate the United States at all costs so little satisfaction has hitherto been granted to American demands.[2]

The Japanese, at least from the British point of view, held the British to be the primary Power obstructing the progress of events in China in the manner in which the former wished them to proceed. Craigie expressed this while commenting on negotiations between the Shanghai Municipal Council and the Japanese authorities when he stated that, ". . . the Japanese Government strongly hold the view that opposition [to various Japanese proposed measures] centers in British authorities . . ."[3]

The British seemed to feel that in addition to their being regarded as being quite obstructive by the Japanese when it came to the realization of their plans for China,

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[1] Ibid., p. 136.

[2] Ibid., p. 181.

[3] Ibid., p. 117.

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they were also regarded as one of the causes of the continued Chinese resistance to Japanese military might. As Craigie put it on August 12, Britain was regarded by Japan, " . . . as the Power held by Japanese public to be the arch-supporter of the Chiang regime."[1]

Halifax seemed to have this same point in mind when writing to Craigie about the violent anti-British attitude of the Japanese press. He, in fact, suggested that Craigie approach Prince Konoya, who was then Prime Minister and also Acting Minister for Foreign Affairs in the absence of a successor to General Ugaki, on,

> . . . the desirability of controlling the present anti-British press campaign. I realize of course that it is the fixed belief of the Japanese in the efficacy of the alleged British support of Chiang Kai-shek which is the mainspring of this campaign . . .[2]

While Craigie and his British colleagues did feel that Britain was definitely being treated less well than the United States they did not, at least according to the documents which are published, point out any specific cases in which this did in fact occur. However the Japanese did detain His Majesty's Ships 'Robin' and 'Cicala' on the West River above Canton to such an extent that Craigie was forced to protest this action with the result that he was able to

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[1] Ibid., p. 13.

[2] Ibid., pp. 118-119.

report on October 31, 1938 that the Japanese authorities had told him, " . . . that [the] ships should not have been detained, that it must be due to a mistake . . ."[1] In addition to this action of the Japanese, H.M.S. 'Sandpiper' was attacked by Japanese planes at Changsha on October 24, 1938 resulting in relatively light damage and no casualties. Referring to this attack, Halifax stated in a wire to Craigie containing the text of a note from the former which he was to deliver to the Japanese, that,

> There can be no doubt that the attack was both unwarranted and in disregard of the assurances . . . of Mr. Hirota's Note of the 28th December, 1937 [on the shelling of H.M.S. 'Ladybird' on December 12, 1937]. The circumstances were such as to create the impression that the bombs were aimed at this gunboat; and in view of her clear markings, the excellent visibility and the low altitude of the aircraft, her true character cannot have been in any doubt.[2]

The Japanese offered only apologies, nothing more. Noting this Halifax continued stating that,

> His Majesty's Government have been glad to receive through the Vice-Minister for Foreign Affairs [on October 24] and the Japanese Embassy in London [on October 25] an expression of deep regret on the part of the Japanese Government. They feel, however, that the circumstances call for more substantial ammends, and they must request a formal expression of regret in writing, together with an undertaking by the Japanese Government to defray the cost of the necessary repairs, and an assurance that the appropriate disciplinary measures will be taken.[3]

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[1] Ibid., p. 168.

[2] Ibid., p. 170.

[3] Ibid.

Although the British Government clearly felt that the Japanese expression of regret had been quite perfunctory, Craigie urged that for reasons of better cooperation with the Japanese in other areas,[1] the matter be settled on a local basis, which it ultimately was and which did incidently result in the cost of repair being borne by Japan.[2]

During the early part of the period the British had been rather unwilling to take any actions which might provoke the Japanese to take action which would further increase the tensions between the two Powers. However as the attitude of the United States began to stiffen, and, as it began to approach Britain with a view towards cooperation, the British attitude as to what sorts of actions could be taken with regard to Japan began to change. With the British feeling that Japan was giving the United States preferential treatment, they desired to act in concert with the latter in the hope that in such a manner they would perhaps place Japan in such a position as to be able to do nothing against Britain without also being forced to follow suit as regards the United States. Craigie in a sense voiced this opinion while commenting on the probable Japanese reaction to a proposed joint United States-British currency loan to China when he stated that the,

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[1] Ibid., p. 330.

[2] Ibid., p. 278.

> Usual indignant press articles would appear but so anxious are the Japanese to propitiate the United States that no counter-action of any description is to be anticipated.[1]

The United States on December 15, 1938 announced a twenty-five million dollar credit to China, which was disguised as a commercial venture.[2] The Japanese Minister for Foreign Affairs, Arita, Craigie reported, had referred to it as, " . . . purely a trade proposition . . ."[3] Kerr referring to the Japanese reaction to this credit stated that, "They have taken the American credits lying down . . ."[4]

Although the British did want joint Anglo-American action for reasons already discussed, Craigie did not feel that the probable Japanese reactions to any joint measures would be identical vis-a-vis Britain and the United States. In fact he stated that,

> Parallel action promised by United States would be most valuable but it must be remembered that for tactical reasons Japanese will try to make out that our action is more detrimental to their interests than any American action.[5]

American participation in the establishment of a proposed Chinese currency stabilization fund or some action along somewhat similar lines was, however not forthcoming. Hence Britain proceeded with the plan in concert with no

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[1] Ibid., p. 296. [2] Ibid., p. 380. [3] Ibid., p. 340.
[4] Ibid., p. 370. [5] Ibid., p. 400.

other Powers.

In early March 1939 they made public the establishment of the Fund. Craigie, noting the Japanese reaction, stated:

> . . . the outward reactions in this country to the establishment of the Chinese Currency Stabilization Fund have been less violent than might have been anticipated . . . This comparatively calm reception is doubtless due, to some extent, to the greater imminence of the serious problem of the fisheries dispute with Soviet Russia . . . [in addition] The Japanese Government are also placed in the quandary that, if they make too heavy weather of this development, they automatically convey to the public mind the impression that a serious check has been administered to their hopes for an early peace-the very last impression they wish to convey in present circumstances. But I am told that, beneath the surface, the resentment in reactionary and extremist circles is very strong and ways of getting even with us are being freely discussed . . . [and in the press] leader writers have seen in the creation of the Fund a frontal attack against Japan's 'new order' policy.[1]

Craigie in early December 1938 summed up why in his view Britain was being treated in a more shabby manner than the United States. He began by stating that,

> In estimating probable Japanese reactions to any particular British movement it is perhaps desirable to bear following in mind: annoyance shown by Japanese naval and military officers at British protests or threats in contrast to comparative calmness with which similar representations from Americans or Russians are received is attributed at least in part to their feeling that our weakness in the Far East does not entitle us so frequently to use such language in cases, many of which appear to Japanese of comparative minor importance.

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[1] Ibid., pp. 518-519.

> Good relations with America moreover are a matter of policy and from Russia they expect hostility. They require a whipping-boy to blame for the continued resistance of China: Disappointment over our sympathy with China combines with jealousy of our position to cast Great Britain for that role.[1]

The British quite obviously did feel that they were being treated worse than the Americans, however this seems to have been more of a feeling perhaps generated by inferences such as a bit less Japanese patience with Britain, a tendency to be somewhat less anxious to smooth over difficulties which were generated between the two Powers and other subtlies such as these rather than blatent and open discrimination. Craigie acknowledged[2] that he knew of no instance in which favors which had been granted the United States had been denied Britain. The British of course having much more widespread interests and hence presence in China than the United States was accordingly laid open to a greater degree for the development of disputes with Japan.

The United States however did assume a much larger role in the trade with Japan than did Britain and Japan accordingly, one would assume, would have been more unwilling to take steps which might cause the loss of this valuable source of supplies.

Thus one might conclude that although the British probably did have a valid complaint, it was something in

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[1] Ibid., pp. 302-303.

[2] Ibid., p. 136.

which it was very difficult to pinpoint specific instances. The most one could point to would be the general Japanese attitude as displayed in the press. It was more of a Japanese reluctance to deal with the British in a satisfactory manner than the withholding of favors which were granted to the United States.

CHAPTER V

THE CHANGE IN CRAIGIE'S VIEWS

British policy vis-a-vis both Japan and China from August 1938 to March of 1939 was, in Craigie's view, " . . . to maintain friendly relations with both belligerents without giving either justification when peace comes for claiming that we have unduly favored the other."[1] He further pointed out on November 4 that,

> Our policy has been to play for time in the expectation that both sides will eventually become sufficiently exhausted to permit of our helping to bring about a reasonable settlement of this tragic conflict. We have, therefore, set ourselves the difficult task of maintaining our relations with either side upon as favorable a footing as possible.[2]

Referring to the difficulties encountered, in actual practice, of reaching any understanding with the Japanese which would allow both the latter to pursue their objectives and of allowing the British to follow the aforesaid policy while at the same time maintaining such a course as would not entail any breach of existing treaties or principles, he stated:

> Although, during the hostilities, our respective points of view may be irreconcilable, it is possible to forsee a point of convergence in the event of an eventual settlement of which we are in a position to approve.[3]

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[1] Ibid., p. 162.

[2] Ibid., p. 188.

[3] Ibid., p. 189.

With such an end in mind he recommended that, "I should prefer to put up with temporary losses . . . in order that we may play our proper part during the peace negotiations and afterwards."[1] Although having stated what he believed British policy to be, and, having pointed out in general the probable manner of execution to reach the desired end, he added that, "As to whether we shall, in fact, be able to exert our influence in bringing about a reasonable settlement, I would hesitate to hazard a prediction at this stage."[2]

During the first few months of the period under consideration Craigie was involved in a series of conversations with a view toward solving or at least lessening some of the tension arising out of the Anglo-Japanese dispute which had emanated from the conflict in China. However by the beginning of August 1938 these conversations were losing momentum with the result that the British were obtaining little satisfaction from them. With this in mind Craigie in the latter part of August stated that,

> It would be easy to conclude that Japanese Government are merely seeking to gain time but this is certainly not the whole story. General Ugaki [Minister for Foreign Affairs] with memories of his rejection by the army as Prime Minister, has still many political enemies who have recently shown signs of mobilizing public opinion against him in connection with our

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[1] Ibid., p. 162.

[2] Ibid., p. 189.

> conversations. His very reputation for broadmindedness is against him for he is now being accused in circles extending beyond normal reactionary ones of preparing to yield to British pressure. Furthermore his friends in the Government are most anxious to avoid exposing him to this kind of attack. The above factors coupled with Mr. Chamberlin's recent statements (that although the British Government was not prepared to grant or guarantee a loan to China, other Chinese proposals for assistance were being examined) in Parliament are sufficient to explain the check to negotiations which I am now more hopeful may prove to be temporary.
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> In the light of the above I hope it may be possible for our press (and particularly 'The Times') to display special discretion in commenting during the next fortnight on Far Eastern affairs and preferably to make no further reference at all to my conversations with Minister for Foreign Affairs. I cannot too often or too strongly emphasize that violent criticism of Japan and hints of economic pressure do infinite harm because they undermine the position of our friends and are discussed by our enemies as either bluff or being derogatory to Japan's dignity.[1]

Craigie, with British policy as he understood it, was of the opinion that General Ugaki and many of the other Governmental policy makers were sincerely desirous of reaching an amicable understanding with the British but were handicapped by the more radical elements in positions of authority in both Government and the Military. In such circumstances he was anxious to do nothing to weaken the position of the more moderate elements while conversely he desired to do all that was possible to strengthen their position. He accordingly requested from time to time that violent British criticism of Japan in both the press and

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[1] Ibid., p. 36.

Governmental circles be avoided as much as possible as it caused more harm than all else. Pursuing this line he stated on August 31 that,

> It would be wrong to assume that statements made in Parliament are simply being used by the Government as pretext for delay. I have abundant evidence that reaction on Japanese public opinion was genuine . . . after the news [of the British refusal of the Chinese loan] had been received here he [Ugaki] gave me more explicit assurances than I had received at any time that a long step was to be taken to meet our demands . . . and I am satisfied that his hope and intention at the time were genuine. But his desire to exploit loans decision so as to facilitate settlement with us was shattered by public (and particularly Military) reception of speeches in Parliament.[1]

Furthermore if such a course were to be followed which, if anything, strengthened the position of the moderates, Craigie stated that, "Recourse to British good offices I believe to be one of Minister for Foreign Affairs' objectives provided that some means can be found to reduce existing tension between the two countries."[2] With this in mind he further stated that,

> . . . I venture to suggest that General Ugaki's eloquent appeal that both countries should take stock of their respective positions should not pass unanswered. Suggestion sometimes made that we can choose our own moment to lay foundation of a future rapproachement with Japan is . . . a most dangerous one.[3]

Craigie saw not only a need for a more tolerant if not conciliatory mood toward Japan to be displayed in the

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[1] Ibid., p. 54.

[2] Ibid., p. 47.

[3] Ibid.

British Isles themselves, but also by the British authorities in China. Indeed, in China lay the crux of the present Anglo-Japanese difficulties. British opinion at home only reflected the extent of Anglo-Japanese difficulty in China. If the disputes in China could be settled in a manner satisfactory to both sides, without thereby alienating the Chinese or other third Powers, or if an agreement could be arrived at which would satisfactorily handle all future disagreements, then the mutual antagonism then being reflected in both homelands would melt away. Craigie, reflecting this view when dealing with the issue of the restoration of full Municipal Council control over the International Settlement in Shanghai stated that,

> I realize that there are many difficulties in the way of . . . restoration of full Municipal Council authority in Hongkew and Yangtzepoo but I hope that this construtive proposal (of the Japanese Minister for Foreign Affairs) will be considered not only from the angle of local difficulties but also in the light of general international situation and importance of getting our relations with this country on a better footing. I also believe a prompt settlement of Northern area (of Shanghai International Settlement) question on basis of Minister for Foreign Affairs' proposal would open up better possibilities for settlement of other outstanding difficulties.[1]

Pursuing this line of thought further, but taking a different tack he stated that,

> Generally speaking in settlement of outstanding difficulties we must, as we are dealing with Orientals, be prepared to give a little as well as

[1] Ibid., p. 96.

> to take. But a slightly more accommodating attitude in these matters should not, I suggest, be classed as 'doing a deal with the Japanese'. It is a mere question of finding a practical solution of these difficulties without any compromise on principle and for period of emergency.[1]

In conjunction with this he also stated that, " . . . I must plead for a slightly less 'stand pat' attitude at Shanghai."[2]

During the course of the series of interviews with the Minister for Foreign Affairs in which Craigie was involved, the Japanese had frequently urged that the British should 'co-operate' with them. The British of course were wary of any form of co-operation with the Japanese, especially as it might be interpreted in other quarters as perhaps being a deal which would affect the position or interests of third powers adversely. Craigie, however, even as late as November 4, 1938 had stated that,

> I venture to think that, at the present stage, Japan means by co-operation little more than sympathy with Japanese aims and perhaps a somewhat less uncompromising attitude in the execution of our policy and the settling of our differences in China. I am convinced that it would be both unwise and dangerous were we positively to reject this appeal. We should not, for example, go out of our way to criticize Japan, either in Parliament or the press.[3]

As Craigie was urging steps upon the British Government which would in his view demonstrate to the Japanese that Britain was indeed sincere in her oft expressed desire

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[1] Ibid., pp. 122-123.

[2] Ibid., p. 118.

[3] Ibid., pp. 188-189.

to reach a mutually satisfactory understanding with the Japanese on China, he was also thinking that this sort of tack would demonstrate to the Japanese authorities in Tokyo that a good deal of their information about British behavior and intentions emanating from China was misleading. As Craigie put it,

> The local Japanese authorities [in China] have succeeded by much hard lying in convincing their Government that not only are British authorities generally obstructive and unhelpful but they have actually viewed with a not unfriendly eye terrorist activities fomented by agencies of the Chinese Government. This . . . false propaganda is in turn partly responsible for the interminable delays in satisfying our desiderata and, unless things go from bad to worse, I most be placed in a position to counteract it.[1]

In addition to attempting to create an easing of Anglo-Japanese tension for the sake of securing a possible understanding to the benefit of both Powers in China, Craigie also saw merit in such a policy on a much broader front. It appeared to him that,

> . . . it may become a matter of vital concern to keep Japan from entering a war on the side of our enemies and to achieve this difficult purpose no opportunity must be missed nor in view of the fact that controlled [Japanese] opinion is likely to crystallize very rapidly when a critical moment arrives is it wise to wait beyond eleventh hour before making conciliatory overtures.[2]

Craigie was recommending a more 'co-operative' attitude as regards Japan in China and the settlement of the

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[1] Ibid., p. 141.

[2] Ibid., p. 105.

ensuing difficulties, since this seemed to him to be the best method of accomplishing British aims within the existing framework of British policy as he understood it. He realized that,

> . . . joint or parallel [economic retaliatory] action [with the United States] -- or the threat of such action--represents the only certain way open to us of ensuring not only respect for existing foreign rights and interests in China, but also the maintenance of the 'open door' for the future.[1]

However, realizing that British policy did not anticipate the employment of forceful means in the Far East he urged that,

> . . . anything [in the statements of the British Governmental leaders] smacking of a warning or a threat should be avoided unless in fact we are prepared promptly to make good our words.[2]

Although during the months Craigie was attempting to secure Japanese compliance with British demands by urging that fuller British 'cooperation' with the former be entered into, he was by no means blind to the fact that force might ultimately be necessary to obtain the desired ends. Craigie by mid-September 1938 had sensed that the atmosphere was changing. Craigie pointing this phenomenon out, stated that,

> Up to the interview of the 27th July I was hopeful of results, but ever since that date, the atmosphere has changed and General Ugaki's attitude has become that of . . . counsel for the defense. The keenness

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[1] Ibid., p. 190.

[2] Ibid., p. 180.

> originally observable to reach a settlement satisfactory to both sides has been noticeably absent. The ostensible reason was . . . the effect on public opinion of the statements made in Parliament . . . but . . . these . . . statements cannot provide the whole explanation of this anglophobia . . . . I hardly think that synchronisation of the time of the [German] Ambassador's return [from Germany] and the date from which the stiffening in the Japanese became observable can be mere coincidence . . . the subsequent issue of the statement of the 14th September defining the Japanese attitude in the Czechoslovak crisis and Prince Konoya's statement to the press that a strengthening of the anti-Comintern pact was under consideration all point in the same direction of a strengthening of the German tie since the Ambassador returned to Tokyo.[1]

This new attitude displayed by the Japanese left Craigie even as early as August 18, as he put it,

> . . . afraid moment is approaching when we must conclude that method of friendly negotiations here has failed and that such other methods of pressure as are available must be tried . . .[2]

The turning point in Craigie's view apparently came with the resignation of General Ugaki as Minister for Foreign Affairs, coupled with the Japanese Government's statement of November 2, 1938 and Prince Konoye's statement of the following day. Referring to these two statements he observed:

> The hitherto vague conception of a 'tripartite bloc' has now received definite official sanction . . . . The earlier explicit and unreserved assurances of respect for foreign rights and interests have been watered down . . .it is well to recognize that for the moment at least we are faced with an

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[1] Ibid., pp. 89-90.

[2] Ibid., p. 29.

important development in Japanese policy.[1]

Similarly, referring to the change of top personnel he said that the,

> Situation in this respect [Japanese assurances] has now completely changed seeing that the Japanese Government have to all intents and purposes repudiated their own assurances . . . Japanese who gave these assurances have been eliminated.[2]

With this being the case he felt that,

> . . . it will be necessary at the right moment to demonstrate in the clearest possible way that, despite this change of front, we shall hold Japan to her promises and stand firm by the principle of 'equal opportunity'. . .[3]

By the end of November Craigie had done a turnabout to the extent that he was now advocating firmer steps. In this sense he stated that,

> The situation here has changed so much for the worse since last June that . . . . Knowledge that we are prepared to proceed from words to deeds might be wholesome rather than the reverse.[4]

He enlarged upon this stating that,

> Up to the present our words and protests have been strong, our deeds conspicuous by their absence. I believe that the desired result is more likely to be achieved if it now becomes practicable to adopt exactly the opposite procedure.[5]

Referring to his new found attitude of firm measures against Japan he stated that,

> It would be impossible to over-estimate the seriousness of the effect of the realization of

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[1] Ibid., p. 215. [2] Ibid., p. 225. [3] Ibid., p. 215.
[4] Ibid., p. 261. [5] Ibid., p. 322.

> recently announced policies upon our position vis-a-vis the Japanese Government . . . . These considerations serve to emphasize the importance of further and early action to bring it home forcibly to this country that we are not disposed to look on while the policies envisaged in these statements are translated into action.[1]

Craigie then, began the period with the hope that the tension existing between the two Powers could be alleviated if Britain were to take such steps as were possible that would impress upon all levels of Japanese the sincerity of British intentions as they had been expressed. This line he pursued not only because it fitted into the framework of British policy vis-a-vis both Japan and China, but also because he had felt that it did indeed have some chance of success. His views of which course of action Britain should pursue as regards Japan changed only after changes in the Japanese leadership and subsequent statements which defined Japanese aims in such a manner as to leave no doubt that if these were accomplished, British interests would suffer severely. While Japanese policy changes seem to be the primary reason for this about face in his views, it should not be overlooked that Craigie, many times having emphasized that if retaliatory action were to be taken it should be done only in conjunction with the United States, probably found it a bit easier to come to his new viewpoint since, as shown in previous chapters, the United States was showing signs of stiffening in its attitude toward Japan and hence

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[1] Ibid., p. 356.

possibly cooperating with Britain in some sort of retaliation. But it should be stressed that his shift in attitude was brought about primarily as a result of his reaching the conclusion that British policy as he had understood it earlier, did not stand any chance of success against the new Japanese line. Hence his change in views represented a change to an alternate policy which might still accomplish the same ends which the earlier policy had been designed to attain.

CHAPTER VI

CRAIGIE VERSUS KERR

Both Sir Roger Craigie and Sir A. Clark Kerr during the period under consideration attempted to pursue a course of action which would in their opinion maintain and protect British interests in China and the Far East as a whole. As each was operating in a different environment, that is, under pressure from either the Chinese or Japanese Government, they necessarily advocated actions which while being directed toward the common end, were in many cases contradictory or incompatible. Their view of actions or policies tended to be colored by the views of or situation within the country to which they were assigned.

As an example of this, Craigie in mid-October 1938 when commenting on the Munich Conference stated that he,

> . . . has formed the opinion that the Munich Settlement has had a salutary influence here . . . [because] most influential circles would have liked to see the continuance in Europe of a state of anxiety and discord, and prospect of early appeasement is looked upon with some dismay . . .[1]

Elaborating upon this he further stated that the,

> . . . feeling which prevails most widely is one of concern lest policy of successful appeasement in Europe may leave Japan (with her Anti-Comintern Pact) somewhat in the air . . .[2]

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[1] Ibid., p. 134.

[2] Ibid., p. 158.

However Kerr disagreed, stating:

> The effect of Munich accord on foreign opinions as seen from here is that perfidious Albion has been true to form and let her friends down again . . . . The Japanese reaction (I speak subject to contradiction from Tokyo) is that we are prepared to put up with almost any indignity rather than fight . . . . The result is that, all in all, our prestige is at a low ebb in the East and anything which could be construed as a sign of weakness or of a lack of serious determination to maintain our position in the East may have consequences far beyond Shanghai.[1]

By early August of 1938 the Chinese Government was becoming increasingly interested in reaching some agreement with Japan which would bring peace. With this end in mind Kerr had been approached by the Chinese Minister of Foreign Affairs who,

> . . . asked whether in either event [fall of Hankow or it's successful defence] His Majesty's Government would be willing in concert with United States and French Governments (he excluded Russia) to address simultaneously to the Chinese and Japanese Governments notes (not necessarily identic but in generally similar terms) offering good offices of the three Powers to bring about a peaceful settlement of the present struggle.[2]

Craigie noting the effect of such a démarche on Japan, had objected to the Chinese proposal stating that,

> Main difficulty I see in Chinese proposal is that any public or abrupt offer of good offices by two or three Powers acting either jointly or simultaneously is bound to be rejected by Japan as connoting an exercise of joint pressure . . . . Only if the way had been very carefully and privately prepared in advance would there be any chance of Anglo-American

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[1] Ibid., p. 138.

[2] Ibid., p. 2.

> mediation proving acceptable and my present belief is that, if there is to be an offer of good offices from this quarter, Japanese Government would prefer that it should be either British or American.[1]

Objecting on a different line he stated that, "A further objection is that any such communication at this stage is likely to be regarded by Japanese Government as evidence that China is nearing the end of her tether."[2]

Noting that the Foreign Office seemed to be leaning toward a course of action such as Craigie had proposed as regards the Chinese proposal, Kerr argued that,

> The Chinese have never contemplated anything but a public demarche made simultaneously to themselves and the Japanese, simultaneous action being intended to cloak the fact that the initiative came from themselves . . . . As I see it the present plan is to restrict the demarche to something in the nature of . . . (good offices) to make it in regard to Japan only and to go about it privately without giving it, in any clear-cut way, the force of parrallel action by the three democracies.[3]

As to the effect this might have on the Chinese, he stated that,

> I doubt whether as a first reply to their proposal this would commend itself to the Chinese and I should not like to put it to them unless it is established that owing to American jibbing parallel action is ruled out for to the Chinese it would be just another flat disappointment of their hopes that they may count upon His Majesty's Government for support in some form.[4]

However Craigie pursuing his views further, felt that

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[1] Ibid., p. 13.

[2] Ibid.

[3] Ibid., p. 20.

[4] Ibid.

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> Japanese Government are anxious for peace and I should say disposed to accept good offices from the right quarter. It would be all the more unfortunate if an unsuccessful move were to be made at this juncture. Difficulty about an Anglo-French-American offer of good offices is that, in Japanese eyes, it would emanate from the three which (excluding Soviet Russia) are pre-eminent as China's friends and Japan's enemies . . . . I believe Japan would strongly prefer eventual good offices and even mediation from single Power. If however there is to be a combination the most effective one would be an Anglo-German one.[1]

Kerr further pressing his viewpoint stated that,

> . . . what I should now like to be able to tell Chinese is one of two things: . . . (1) That we and the Americans are willing when the time comes to act [on the suggestion of good offices] . . . and do not exclude possibility of a subsequent declaration of policy in the event of failure as a warning to Japan . . . or (2) that a common line of action cannot be agreed upon with Americans . . .[2]

Contradicting Kerr, Craigie said that it was his, " . . . view that offer of good offices in the manner proposed by the Chinese Government has no chance at all of acceptance."[3] And, he further stated, "For a British initiative to have any chance of success a prerequisite is some easing of tension in Anglo-Japanese relations . . ."[4] adding that, "I am anxious to avoid slightest sign of precipitancy."[5]

Both Craigie and Kerr in attempting to maneuver any actions such as Britain might take, in such a manner so as

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[1] Ibid., p. 22. [2] Ibid., p. 20. [3] Ibid., p. 23.
[4] Ibid., p. 13. [5] Ibid., p. 14.

to present them in as favorable a light as possible to the respective Governments to which they were assigned, were of course merely performing the duties of their posts. However in so doing, they thereby tended to minimize the attendant effects upon or reactions of the country to which their opposite was assigned. This point can again be illustrated in their respective attitudes on the degree to which Britain should co-operate with Japan in occupied areas of China. Kerr of course being highly skeptical as to the benefits to be derived from such co-operation while at the same time anxious lest something be done to alienate China. Craigie on the other hand felt such action to be not only beneficial but also the only practicable course open to the British.

With this in mind Craigie in late August of 1938 suggested that,

> . . . I propose to say at our next interview [with the Japanese Minister for Foreign Affairs] that, provided our interests are respected, we are quite prepared to co-operate in the sense in which we understood the word and on the understanding that our collaboration is to be for the benefit and not to the detriment of China.[1]

Disapproving of this, Kerr stated,

> I much doubt if any form of Anglo-Jananese co-operation in occupied areas in the present circumstances could be to the benefit and not to the detriment of China. Any sign of such co-operation would naturally be hailed in China as betrayal of our pledges to this

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[1] Ibid., p. 36.

country.[1]

In answer to Kerr, Craigie stated that a

> . . . field in which I presume 'co-operation' might prove fruitful would be in use of our influence to secure a just peace. Recourse to British good offices I believe to be one of Minister for Foreign Affair's objectives provided that some means can be found to reduce existing tension between the two countries.[2]

Kerr however disagreed with this saying that,

> While I appreciate difficulty in which Sir R. Craigie finds himself in handling Japanese Minister for Foreign Affairs I continue to think any form of co-operation which would be likely to satisfy Japanese must be to the detriment of China and ultimately damaging to our interests.[3]

Noting the fear expressed by Kerr that co-operation would lead to further Japanese inroads upon British interests, Craigie on September 2 dwelling on exactly that point, stated:

> . . . I am convinced . . . that unless our authorities can (in an entirely unofficial way) work with Japanese (if and when the latter come halfway to meet them) injury to our interests will progressively increase beyond anything they at present contemplate. Absence of collaboration has been at root of many of our difficulties in the past and if it is to be officially encouraged will end by being fatal to our whole position in occupied China.[4]

Kerr was not, however, convinced by Craigie's arguments that co-operation would be beneficial. With this in

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[1] Ibid., p. 41.

[2] Ibid., p. 47.

[3] Ibid., p. 50.

[4] Ibid., p. 62.

mind he summed up his views of Japanese aims stating that,

> We here feel it is a matter of deliberate policy on the part of Japanese Government to use pretext of military necessity to squeeze us and to hold us up to blackmail. Local Japanese officials make no secret of intention to reduce European and American influence in China and this is the way it is being done.[1]

Craigie still pursuing his same line of reasoning recognized that although Kerr might be correct in his accessment of Japanese intentions the British at that time had little choice but to follow the line he had suggested. Thus as he put it on August 27,

> If we exclude method of protection by military action and recognize risks and disadvantages inherent in any system of economic reprisal conclusion seems to be inescapable that we must miss no opportunity of arranging their [British interests in China] protection by cooperative action with Japan. That in so doing we can (in the circumstances of today) best serve interests of China is my firm belief.[2]

Although Craigie and Kerr did agree on the desired ends to be attained through execution of British policy in the area they differed widely in their view of the means by which the ends should be reached. Their views on overall British-Japanese co-operation illustrated this to a degree, but an examination of this same general topic although in a much narrower frame of reference, points this up more clearly. When down to the level of negotiations for specific and limited objectives Craigie tended to see the issue from

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[1] Ibid., pp. 49-50.

[2] Ibid., p. 47.

a broader viewpoint while Kerr, perhaps because the small details did affect his post and position more directly, proved to be more reluctant to participate in any give and take process, viewing the undertaking from a narrower frame of reference.

By way of illustration, Craigie, in the midst of negotiations with the Japanese aimed at a lessening of Anglo-Japanese difficulties, had in mid-September 1938 stated that,

> I realize that there are many difficulties in the way of acceptance of two conditions named by Minister for Foreign Affairs for restoration of full Municipal Council authority in Hongkew and Yangtzepoo [Shanghai International Settlement] but I hope that this constructive proposal will be considered not only from the angle of local difficulties but also in the light of general international situation and importance of getting our relations with this country on a better footing. I also believe a prompt settlement of Northern area [of the Settlement] question on basis of Minister for Foreign Affairs' proposal would open up better possibilities for settlement of other outstanding difficulties.[1]

Kerr however referring to these same proposals stated that,

> . . . in regard to the Northern district I maintain that the Japanese have no valid excuse for not at once handing it back to Municipal Council control without conditions. The increase of the Japanese element in the Police and Municipal Administration, and the control of the Court are extraneous affairs which have no connection with the Northern District question and the Japanese have no right to link them together. I must repeat that Japanese life

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[1] Ibid., p. 96.

> and property are not in danger south of the creek and there is no reason why they should be in danger north of the creek if the Council's authority were restored . . . . As regards the Police, the Council have gone a long way to meet the Japanese demands - as far as they feel they are justified in going at present taking into consideration the other national interests involved and the strong opposition from other nations besides ourselves to allowing the Japanese to gain a dominating position in the Settlement.[1]

Craigie, in contrast to Kerr, felt that perhaps the Japanese did have a valid point to their arguments for a larger voice in Settlement affairs. As he put it,

> I find it difficult to agree . . . that questions of Court and Police have no relation to the question of restoration of Municipal Council's authority in the Northern District . . . . With 30,000 Japanese in Hongkew I cannot help doubting whether the Japanese apprehensions are altogether unjustified, or whether something more cannot be done to meet them on the Court issue without endangering international control.[2]

Moreover, he continued,

> It has always seemed to me somewhat anomalous that nominees of old regime should be still functioning in an area completely surrounded by Japanese troops and dealing with cases inevitably touching the interests of area under Japanese control. We shall make little progress with Northern area question until Japanese have been satisfied that an impartial court is functioning in the Settlement.[3]

Kerr had objections of a political, juridical and practical nature to the establishment of a new system of

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[1] Ibid., pp. 111-112.

[2] Ibid., pp. 117-118.

[3] Ibid., p. 97.

pro-Japanese courts in the Settlement. As to the political objection he stated:

> Since the Courts function in the Settlement by virtue of an international agreement concluded with the Central Government, acceptance of the transfer of jurisdiction from the appointees of that Government to those of a succession Government is a step with serious implications which I should find it difficult to justify until such succession Government had at least established effective control and a regularly functioning system of judicial administration in the neighboring areas.[1]

As to the objections of a juridical nature he stated that,

> Since they [the established courts] have a juridically sound basis their decisions are legally valid and are so recognized by foreign courts and also by civil authorities in matters of personal status &c. If the Courts are simply turned over to the so-called 'Reformed Government' (which has as yet no existence except on paper and no judicial machinery whatsoever) the juridical basis disappears and the acts of the Courts have no validity.[2]

As regards practical objections,

> . . . with pro-Japanese judges working in conjunction with the Japanese Special Service Section the Courts would be a powerful instrument for tyranny over the non-co-operating portion of the population . . . [thus] There is only one satisfactory solution and that is to allow the present Courts and judges to continue functioning until either the Central Government disappears or at least a successor Government in this area has become so firmly established as to be generally accepted as the <u>de facto</u> Government of the region.[3]

The reasoning of Kerr is more that of the man on the spot where the action is, who is forced to evaluate and deal

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[1] <u>Ibid</u>., p. 112.

[2] <u>Ibid</u>.

[3] <u>Ibid</u>., pp. 112-113.

with hard realities. By contrast, Craigie being further removed from the actual scene of the tensions and conflict is more able to sit back and appraise the situation *in toto*, and is thereby less concerned with the small and detailed results, some of which may be locally bad, of any agreement that might reached.

As if to illustrate this Kerr further stated that,

> I see no reason why we should give away to Japanese everything we have secured . . . during these past months.
>
> As we clearly cannot make any headway at present I recommend that as far as possible these matters be temporarily left in cold storage. If conditions in Europe deteriorate the Japanese will sooner or later settle these and other issues under threat of force; if conditions improve we may be able to take a firmer line.[1]

Disagreeing with this line of thought, Craigie said:

> It is in any case a mistake to believe that such questions can be put into 'cold storage' and later emerge in the same condition. For this the local temperature is far too high.[2]

Craigie, summing up the reasoning which had led him to assume his stand on the issues of co-operation with the Japanese in China as opposed to the views of Kerr, stated that,

> More than anything else it [getting the Japanese to meet British desiderata] is a question of convincing the Japanese Government that our authorities are ready to meet the Japanese authorities in the

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[1] *Ibid.*, p. 103.

[2] *Ibid.*, p. 105.

right spirit . . .[1]

The overall policy of Britain vis-a-vis China and Japan seemed to Kerr to be badly in need of a general overhauling. As he put it,

> As I see it our whole position in this Country is fast slipping from under us, partly on account of inaction forced upon us by situation in Europe, but more because of general indecision of our policy which, as seen here, is governed by fear of Japan.[2]

Expressing his anxiety, he continued stating,

> I submit the time has come to decide once and for all whether we are going to do something for the Chinese which will be of immediate practical use to them or to retreat from engagements entered into at Geneva and pin our faith on the assurances of Japan. For myself I regard these assurances as worthless while I consider the keeping of the goodwill of the Chinese, even perhaps at the price of some temporary financial loss, to be something of real and lasting value of essential importance to our whole position in this country in future.[3]

He also seemed to feel that the Japanese Government communique of November 2 and Prince Konoye's broadcast of November 3 should have definitely crushed all hopes of Anglo-Japanese co-operation. These announcements, as Kerr put it,

> . . . seem to me to be of capital importance in that they should dispel all doubts about the real intentions of the Japanese . . . . I think that this should be enough to deter us from again 'taking the Japanese Government at their word' . . . and to demolish any hopes that by 'co-operation' with Japan

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[1] Ibid., p. 141.

[2] Ibid., pp. 195-196.

[3] Ibid., p. 196.

it may be possible to preserve our interests in China.[1]

Even though as shown in another chapter these Japanese announcements of November 2 and 3 did seem to be the turning point in Craigie's views from pressing for Anglo-Japanese co-operation to the advocacy of retaliatory measures, he was nevertheless unable to allow the above mentioned statements of Kerr to pass unchallenged. He thus stated that,

> As regards Sir A. Clark Kerr's observations we have never of course 'pinned our faith' in Japanese assurances because, despite the sincerities [sic] with which I believe them to have been originally made, difficulties in the way of implementation were obvious from the start. But in the absence of any practicable alternative policy, it seemed best to take the Japanese Government at their word.[2]

Thus although both Craigie and Kerr did have the same end in mind, that of protecting British interests in China, they differed on the proper methods to be used to gain that end. Kerr, by virtue of his position as the Chief British representative to China, was greatly concerned with the effect on the Chinese and thereby on Anglo-Chinese relations of any and all steps taken vis-a-vis the Japanese to safeguard British interests. Craigie by contrast was primarily concerned with maneuvering Britain into such a position as to allow an Anglo-Japanese agreement with respect to the

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[1] Ibid., p. 251.

[2] Ibid., p. 225.

safety of British interests in China to be successfully negotiated. He was little concerned, as he was far removed from dealing with Anglo-Chinese questions, with any locally damaging results which might accrue from any Anglo-Japanese agreements.

The question of safeguarding British interests in China was really the only significant issue which did touch with equal impact upon the activities of both Craigie and Kerr, as most other issues were exclusively within the domain of either Craigie or Kerr.

It is impossible to say that either man was correct or incorrect in his assessment of the proper course to take. Each man was probably correct whether one judges from a narrow or broad point of view as long as each man's viewpoint is confined to his frame of reference, that is, his position in the nation to which he was assigned. This difference in views was however by late November or early December 1938 largely dissolved owing to the about face in thinking which Craigie had experienced following the Japanese statements of policy of November 2 and 3, 1938.

CHAPTER VII

SUMMARY AND CONCLUSION

This thesis covered each of five aspects of British policy earlier referred to, in some detail. It should be noted that in the case of the first aspect mentioned, the pros and cons of extending aid to China or taking retaliatory action against Japan, the question of which course of action to follow was ultimately decided by which course offered the least resistance, that is, the least risk of war. This was of course a logical choice as both courses were in the end designed to accomplish essentially the same thing, that being the limitation, if not outright blocking, of the Japanese plans for East Asia. Retaliatory action against Japan became somewhat more attractive to the British as the United States began to take a firmer line with the former, but while consideration was given this line, British obligations elsewhere combined with British weakness in the Far East effectively ruled out such a course as long as the same end could possibly be gained with different means.

The second aspect of British policy examined was whether Britain or the United States was leading in terms of the actions taken by them vis-a-vis China and Japan. The British were quite hesitant to approach the United States regarding joint actions in the area for fear of further

arousing the isolationist public and Congress, while at the same time being unwilling to take any significant actions which might arouse the Japanese unless they be taken in concert with the United States. The United States desired the same sort of actions as did the British, however it did not want any actions taken to have the appearance of being taken in concert with the British. The British seemed to feel that they were subtly leading the United States, however in terms of the actions taken one Power did not clearly lead the other.

The next point studied was whether Britain was treated less well at the hands of Japan than the United States. The British seemed to have a vague unexplained feeling that they were being treated less well but admitted that they could not pinpoint any specific instance. It instead seems to have been generated by less courteous treatment being extended the British by Japan than was given the United States. This of course could very well have been due to greater potential American power, much greater American trade with Japan and much greater (as contrasted with American) British interests in China, which naturally tended to draw Britain more into conflict with Japanese aims in China.

The fourth aspect to be studied was Craigie's views and how and why they changed. Craigie began the period

hopeful that the disputes which were occurring between the Japanese and British could be amicably settled to the satisfaction of both sides. He was also hopeful that Britain might be able to play an instrumental role in aiding in negotiations to end the conflict in China. He held these views to the extent that he was willing to submit to some of the Japanese demands which had been leveled at the British, since he had believed the Japanese leaders to be sincere in their oft expressed desires to protect British interests. However as the leadership changed and as subsequent declarations of policy were issued which left no doubt as to Japanese intentions, Craigie did a turnabout as regards the attitude he believed should be taken toward that Government. He began then to advocate retaliatory actions, which would in the end have gained the same goal if by different means, that of protection of British interests in China, as would his earlier line.

The last point examined was the conflict between Craigie and Kerr as to how best to insure the protection of British interests in China. Both were influenced in large degree by the post they held and thence by considerations of how any proposed actions would affect the nation to which they were accredited. This being the case, Kerr of course advocated more open and direct aid to China while Craigie, by contrast, urged care in not overly arousing Japan to the

point that British interests in China would be even more severely damaged than they had already been.

Having examined these several aspects of British policy in the Far East from August 1938 to March of 1939 it seems fair to conclude that British policy revolved around the central question of the protection of their interests in China. Her position in other areas of the world precluded the employment of forceful means on a unilateral basis. She thus desired to gain the aid of the United States thereby compensating for her own weakness in the area, particularly as retaliatory measures began to be given serious consideration. However lacking the means to apply force or the wholehearted cooperation and aid of the United States, Britain attempted to maintain the status quo in the hope either Japanese policy would undergo a change for the better or that the European situation would change so as to allow more freedom of action in the Far East.

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